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UNCLAS ADDIS ABABA 000494

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STATE FROM AMBASSADOR YAMAMOTO FOR A/S FRAZER  
USAID/AFR/AA WNORTH, WWARREN  
USAID/DCHA/AA LROGERS, WHAMMINK

E.O. 12958: N/A

TAGS: [EAID](#) [EAGR](#) [ECON](#) [ET](#)

SUBJECT: Ethiopia Gets It -- Economic Reform is Critical, Title I  
Food Assistance Needed Urgently for Urban Poor

REF: A. ADDIS 0115

[1](#)B. ADDIS 0072

[1](#)1. (SBU) This is an action message. Post seeks an update on the status of approval and expected delivery date of Title I food assistance for Ethiopia. See para 6.

[1](#)2. (SBU) Summary: Ethiopian Foreign Minister Seyoum called in the Ambassador February 19 to underscore the urgency of Prime Minister Meles' request for Title I food aid. The Foreign Minister reiterated the request to visiting Assistant Secretary Frazer in January and again during the AU summit. The Foreign Minister stressed that the plight of the urban poor is worsening due to rising prices of grain; Title I food assistance will be aimed at alleviating the critical food needs, but will also facilitate needed reforms. The GOE took another important step in December toward joining the WTO in the full knowledge that the accession process would entail making the necessary economic and political reforms, The Ethiopian Government "gets it" and is committed to reforming grain marketing and internal market structures. End Summary.

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Waiting for Word on Title I:  
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[1](#)3. (SBU) Foreign Minister Seyoum Mesfin called in the Ambassador, accompanied by the political/economic counselor, on February 19 to raise Somalia issues (reported septel) and the urgency of a Title I food assistance request made to visiting Assistant Secretary Frazer by the Prime Minister and Foreign Minister in early January, and reiterated during the AU summit in Addis Ababa in late January. Seyoum stressed that the food assistance is urgently needed to ease the plight of the urban poor. Prices have risen over 20 percent in the past year and continue rising despite the harvest season. Thanks to abundant rains and increased planting of cash crops, rural areas are generally doing better on meeting food needs. Unlike rural areas, where family networks and safety net works programs support those facing economic hardship, the urban poor have no such safety net. The Foreign Minister pleaded that the food assistance is urgently needed to meet the current needs of this urban population.

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Critical Reforms Necessary:  
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[1](#)4. (SBU) Farmers consuming more of their production and converting fields from grains and basic food stuff for cash crops, distribution problems and structural problems are at the heart of the rising

prices and acute tightening of food supplies in the cities. The Foreign Minister noted that the Title I food assistance can help meet the short-term need to stabilize grain prices in the cities, and also enable Ethiopia to use the money generated from sales of food for promoting economic reforms. The Foreign Minister stressed that the Title I food assistance would enable needed changes.

15. (SBU) The Prime Minister has stated clearly that Ethiopia is fully committed to joining the WTO and will make the necessary political and economic reforms to do so. The Foreign Minister, as well as the Prime Minister and other senior officials, have consistently emphasized this commitment with the Ambassador at every meeting and have, for the first time, requested USAID technical assistance in this area. The GOE also underscored the importance of using this assistance as a stimulus for efforts to focus on reform.

We can and should use this issue to work with the Ethiopian Government on necessary structural reforms necessary to improve the conditions of the urban poor. We should also take a closer look at how the GOE, working in partnership with the U.S. and other donors, can ease urban poverty.

16. (SBU) Post requests an update on the status of Title I food assistance, including the expected delivery date. Once the GOE has our assurances on an expected delivery date, it can begin releasing some of its own emergency food stocks to alleviate supply imbalances in Ethiopian cities.

YAMAMOTO